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If you have sold or transferred all your shares in Capinfo Company Limited* (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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CAPINFO
CAPINFO COMPANY LIMITED*
首都信息發展股份有限公司

(a joint stock limited company incorporated in the People’s Republic of China with limited liability)
(Stock Code: 1075)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE CONSTRUCTION PROJECT FOR BEIJING AIYUHUA HOSPITAL
AND
PROPOSED RESIGNATION AND ELECTION OF
NON-EXECUTIVE DIRECTOR**

Financial adviser to the Company



**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Board is set out on pages 4 to 10 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 11 to 12 of this circular. A letter from Guangdong Securities containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 19 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at Conference Room, 15th Floor, Quantum Silver Plaza, No. 23 Zhichun Road, Haidian District, Beijing, the PRC on Tuesday, 30 July 2013 at 11:00 a.m., is set out from pages 24 to 25 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the extraordinary general meeting of the Company, you are requested to complete the accompanying form of proxy in accordance with instructions printed thereon and return it to the Company’s H share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holders of H Shares) or the Company’s office at 12th Floor, Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC (for holders of domestic Shares) as soon as possible but in any event not less than 24 hours before the time for holding the extraordinary general meeting of the Company or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting of the Company or any adjournment thereof should you so wish.

14 June 2013

* For identification purposes only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meaning:

“associates”	has the meaning ascribed to it under the Listing Rules
“Beijing Aiyuhua Hospital”	北京愛育華婦兒醫院 (Beijing Aiyuhua Hospital for Children and Women*), a hospital under construction by Guotong Xintai
“Beijing Guorong”	北京國融置業有限公司 (Beijing Guorong Zhiye Limited*), a company established in the PRC with limited liability
“Beijing International Tendering”	北京國際招標有限公司 (Beijing International Tendering Co., Ltd.*), a specialised tendering company in the PRC
“Beijing Zhongjin”	北京中金創富投資有限公司 (Beijing Zhongjin Chuangfu Investment Limited*), a company established in the PRC with limited liability
“Board”	the board of the Directors
“BSAM”	北京市國有資產經營有限責任公司 (Beijing State-Owned Assets Management Corporation Limited*), a company established in the PRC and is wholly-owned by the Beijing Municipal Government, being the controlling shareholder of the Company
“Business Day”	a day on which banks in Hong Kong are open to conduct business generally throughout their normal business hours, excluding Saturdays, Sundays, public holidays and days on which a typhoon cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on weekdays
“Company”	首都信息發展股份有限公司 (Capinfo Company Limited*), a joint stock limited company established in the PRC, the overseas listed foreign share(s) of RMB0.10 each in the share capital of the Company are listed on the Main Board of the Stock Exchange (Stock code: 1075)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“Construction Project”	the construction of an integrated information system in Beijing Aiyuhua Hospital
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting to be convened and held for the purposes of considering and, if thought fit, approving the Formal Agreement and the transaction contemplated thereunder
“Formal Agreement”	the formal agreement entered into between the Company and Guotong Xintai in relation to the Construction Project
“Group”	the Company and its subsidiaries
“Guangdong Securities” or “Independent Financial Adviser”	Guangdong Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Formal Agreement and the transaction contemplated thereunder
“Guotong Xintai”	北京國通鑫泰投資管理有限公司 (Beijing Guotong Xintai Investment Management Company Limited*), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, which comprises Mr. Chen Jing, Ms. Zhou Liye, Mr. Zeng Xianggao and Mr. Gong Zhiqiang, formed to consider the Formal Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than BSAM and its associates
“Latest Practicable Date”	10 June 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Service Fee”	the service fee of RMB33,786,778.33 payable by Guotong Xintai to the Company for the Construction Project pursuant to the Formal Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary share(s) of RMB0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this circular and their English translations, the Chinese names shall prevail.

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

This circular is published on the website of the Company (www.capinfo.com.cn) and the designated issuer website of the Stock Exchange (www.hkexnews.hk).

** For identification purposes only*

LETTER FROM THE BOARD

CAPINFO
CAPINFO COMPANY LIMITED*
首都信息發展股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1075)

Executive Director:
Dr. Wang Xu

Non-executive Directors:
Mr. Xu Zhe (Chairman)
Ms. Zhang Kaihua
Mr. Lu Lei
Mr. Pan Jiaren
Mr. Shi Hongyin
Ms. Lu Xiaobing
Ms. Hu Sha

Independent non-executive Directors:
Mr. Chen Jing
Ms. Zhou Liye
Mr. Zeng Xianggao
Mr. Gong Zhiqiang

Registered office:
No. 11 Xi San Huan Zhong Road
Beijing 100036
The PRC

*Principal place of business
in Hong Kong:*
Unit B, 1st Floor
Neich Tower
128 Gloucester Road
Wanchai, Hong Kong

*Principal place of business
in the PRC:*
12th Floor
Quantum Silver Plaza
No. 23 Zhi Chun Road
Haidian District
Beijing 100191
The PRC

14 June 2013

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE CONSTRUCTION PROJECT FOR BEIJING AIYUHUA HOSPITAL
AND
PROPOSED RESIGNATION AND ELECTION OF
NON-EXECUTIVE DIRECTOR**

INTRODUCTION

On 23 May 2013, the Company announced that it entered into the Formal Agreement with Guotong Xintai on 23 May 2013 (after trading hours) in respect of the Construction Project, pursuant to which, the Company has conditionally agreed to undertake the Construction Project at the Service Fee of RMB33,786,778.33.

* *For identification purposes only*

LETTER FROM THE BOARD

On 13 June 2013, the Company announced that Ms. Lu Xiaobing has tendered her resignation as a non-executive Director due to health reason, with effect from the approval by the Shareholders at the EGM and the Board proposes to present a resolution at the EGM to elect Mr. Wang Zhuo as a non-executive Director.

The purpose of this circular is to provide Shareholders with, among other things, (i) further details of the Formal Agreement and the transaction contemplated thereunder; (ii) further details of the resignation and election of non-executive Director; (iii) a letter from the Independent Board Committee in respect to the Formal Agreement; (iv) a letter from Guangdong Securities to the Independent Board Committee and the Independent Shareholders; (v) the notice of the EGM; and (vi) other information required under the Listing Rules.

THE FORMAL AGREEMENT

Date

23 May 2013

Parties

The Company

Guotong Xintai

Guotong Xintai is a company established in the PRC and is beneficially owned as to (i) 80.80% by BSAM, the controlling Shareholder of the Company; (ii) 9.60% by Beijing Guorong; and (iii) 9.60% by Beijing Zhongjin. Therefore, Guotong Xintai is a connected person of the Company under the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Beijing Guorong, Beijing Zhongjin and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter

The provision of services related to the Construction Project by the Company. In particular, the construction of the necessary information technology infrastructure and application system before the commencement of the trial operation of Beijing Aiyuhua Hospital, including, among other things, the provision of equipment procurement, software development, system integration and the overall design services and the construction of infrastructure related to the hospital information system, electronic medical records system, machinery room, system and network.

Term

The construction period for the Construction Project is expected to be approximately 14 months.

LETTER FROM THE BOARD

Service Fee

The Service Fee payable by Guotong Xintai for the Construction Project is RMB33,786,778.33, being the bid price. The Service Fee was determined by the Company with reference to the prevailing market price and the estimated cost to be incurred under the Construction Project. The Service Fee shall be payable by Guotong Xintai in the following manners:

- (i) as to RMB10,136,033.50 payable in cash within five Business Days upon the Formal Agreement becoming effective;
- (ii) as to RMB16,893,389.17 payable in cash within five Business Days upon the Construction Project (after completion) passing the preliminary acceptance check; and
- (iii) as to RMB6,757,355.66 payable in cash within five Business Days upon the Construction Project (after completion) passing the final acceptance check.

The Company shall provide RMB1,689,338.92 to Guotong Xintai as the performance security deposit, being 5% of the Service Fee, within 30 days upon the signing of the Formal Agreement. Should the Company fail to fulfill its obligations under the Formal Agreement, the performance security deposit shall be used to compensate Guotong Xintai for the damages it may cause. The performance security deposit will be refunded to the Company within 30 days upon completion of the Formal Agreement.

Condition precedent

The Formal Agreement shall be effective upon obtaining all the approvals for entering into the Formal Agreement and the transaction contemplated thereunder, including but not limited to, the Independent Shareholders' approval in accordance with the Listing Rules.

Other terms

Pursuant to the Formal Agreement:

- (i) within one year after the Construction Project passing the final acceptance check, the Company will provide maintenance services free of charge, including phone support, system breakdown troubleshooting, remote technical support, regular follow-up, system software upgrade and on-site services. Thereafter, the Company may negotiate with Guotong Xintai for further maintenance service with maintenance fee to be determined; and
- (ii) both parties to the Formal Agreement agreed to co-operate with the independent supervising unit which monitor the execution of the Construction Project.

LETTER FROM THE BOARD

Information of Beijing Aiyuhua Hospital

Beijing Aiyuhua Hospital is currently under construction by Guotong Xintai and located in 北京經濟技術開發區 (Beijing Economic-Technological Development Area*), Beijing, the PRC. Beijing Aiyuhua Hospital would provide comprehensive medical and health management services including but not limited to prenatal care, obstetrics, pediatrics, and children health management services upon full operation.

Reasons for the entering into of the formal agreement

The principal activities of the Group consist of the provision of information technologies and services supply including system integration, software development, IT planning and consultancy, IT operation and maintenance, etc.

The Company has a well-established technical division, which include project managers, project development managers, software development managers, business analysts, system analysts, technicians, maintenance staff, etc.. In 2012, the Company has completed, among others, the development of the business information management system of State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality and the development of the integrated intelligent city management platform of Yanqing District, Beijing, the PRC.

The Directors consider that the Company has sufficient resources and experience to undertake the Construction Project.

Guotong Xintai is a company established in the PRC with limited liability and is principally engaged in investment management.

The Directors consider that the Construction Project is conducted in the ordinary and usual course of business of the Group and would generate revenue for the Group. In addition, the Directors expect that the Company would further integrate its ability in the construction, operation and maintenance of hospital information technology system and be familiar with the business and operation of hospital through the Construction Project. Hence, the Construction Project will be a signature project for the Company and lay a solid foundation for the Company to enter into the field of high-end hospital information technology system construction in the future.

The Directors are of the view that the terms of the Formal Agreement are fair and reasonable and on normal commercial terms, and the entering into of the Formal Agreement is in the interests of the Company and the Shareholders as a whole.

Save and except for Mr. Xu Zhe (Chairman), Ms. Zhang Kaihua and Mr. Lu Lei, all being non-executive Directors and hold offices at BSAM, none of the Directors had any material interest in the Formal Agreement. Accordingly, Mr. Xu Zhe, Ms. Zhang Kaihua and Mr. Lu Lei had abstained from voting on the Board resolutions on approving the participation in and bidding for the tender for the Construction Project and the Formal Agreement.

LETTER FROM THE BOARD

The Listing Rules implication

As one of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the transaction contemplated under the Formal Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

Guotong Xintai is beneficially owned as to 80.80% by BSAM, the controlling shareholder of the Company which is interested in approximately 63.31% of the issued share capital of the Company. Therefore, Guotong Xintai is a connected person of the Company and the transaction contemplated under the Formal Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and subject to the reporting, announcement and independent shareholders' approval requirements. BSAM and its associates will be required to abstain from voting at the EGM in respect of the Formal Agreement. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save as and except for BSAM, none of the Shareholders had any material interest in the Formal Agreement.

The Independent Board Committee comprising all of the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Formal Agreement and the transaction contemplated thereunder. Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Formal Agreement.

PROPOSED RESIGNATION AND ELECTION OF NON-EXECUTIVE DIRECTOR

The Company has received a letter from Ms. Lu Xiaobing, in which, Ms. Lu Xiaobing has tendered her resignation as a non-executive Director due to health reason, with effect from the approval by the Shareholders at the EGM. Ms. Lu Xiaobing confirmed that she had no disagreement with the Board and there is no other matter with respect to her resignation which needs to be brought to the attention of the Shareholders. As recommended by the Nomination Committee of the Company, the Board nominates Mr. Wang Zhuo as a candidate for election as a non-executive Director in replacement of Ms. Lu Xiaobing. The Board proposes to present a resolution at the EGM to elect Mr. Wang Zhuo as a non-executive Director.

The following resolutions will be proposed at the EGM:

- (1) to accept the resignation of Ms. Lu Xiaobing as a non-executive Director, with effect from the date of EGM, and authorize the Board to terminate the service contract entered into by the Company and Ms. Lu Xiaobing on such terms and conditions as it may think fit and to do all such acts and things to give effect to such matters; and
- (2) to elect Mr. Wang Zhuo as a non-executive Director to replace Ms. Lu Xiaobing for a term commencing on the date of the EGM and ending on the date of the annual general meeting of the Company in 2015, and authorize the Board to determine his Director's remuneration and to enter into a service contract with Mr. Wang Zhuo.

LETTER FROM THE BOARD

The biographical details of Mr. Wang Zhuo are set out below:

Mr. Wang Zhuo, aged 53, is currently a director of China Financial Computerization Corp. He is a senior engineer and is a special prosecutor of The Supreme People's Procuratorate of the PRC and a member of Beijing Municipal Committee. He obtained a master's degree in business administration at Tianjin University in 1998. He had worked for the Statistics and Analysis Department of The People's Bank of China. He was a director of Information Management Department and Information System Management Department. Save as disclosed above, Mr. Wang Zhuo does not hold any position with the Company or other members of the group of the Company nor did he hold any directorship in any other listed public companies in the past three years.

Under an authorization to be given by the Shareholders at the EGM, the Company will enter into a service contract with Mr. Wang Zhuo. Mr. Wang's office as Director shall remain effective up to 2015, being the expiration date of the term of the fifth session of the Board, and is subject to retirement by rotation or re-election in accordance with the Articles of Association of the Company. Mr. Wang Zhuo will not receive director's fee from the Company in respect of his office as Director, nor will he receive any other emolument, if being appointed.

As at the Latest Practicable Date, Mr. Wang Zhuo does not have any interest in the Shares or underlying Shares within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Wang Zhuo is not connected with any other Directors, supervisors, senior management, substantial Shareholders or controlling Shareholders of the Company.

Other than disclosed above, there are no other matters relating to his election that need to be brought to the attention of the Shareholders and there is no information required to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

EGM

A notice convening the extraordinary general meeting of the Company to be held at Conference Room, 15th Floor, Quantum Silver Plaza, No. 23 Zhichun Road, Haidian District, Beijing, the PRC on Tuesday, 30 July 2013 at 11:00 a.m., is set out from pages 24 to 25 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the extraordinary general meeting of the Company, you are requested to complete the accompanying form of proxy in accordance with instructions printed thereon and return it to the Company's H share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or the Company's office at 12th Floor, Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC (for holders of domestic Shares) as soon as possible but in any event not less than 24 hours before the time for holding the extraordinary general meeting of the Company or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting of the Company or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Directors consider that the terms of the Formal Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and that the entering into of the Formal Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Formal Agreement and the transaction contemplated thereunder.

The Directors also consider that the resignation and election of non-executive Director and to authorise the Board to fix the remuneration of the newly elected non-executive Director and to enter into a service contract with him are in the best interest of the Company and its Shareholders as a whole. Therefore, the Directors recommend all the Shareholders to vote in favour of the ordinary resolutions in relation to the resignation and election of non-executive Director.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter from Guangdong Securities and the additional information set out in the appendix to this circular.

Yours faithfully,
By Order of the Board
CAPINFO COMPANY LIMITED*
Xu Zhe
Chairman

* *For identification purposes only*

CAPINFO
CAPINFO COMPANY LIMITED*
首都信息發展股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1075)

14 June 2013

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO
THE CONSTRUCTION PROJECT FOR BEIJING AIYUHUA HOSPITAL**

INTRODUCTION

We refer to the circular dated 14 June 2013 (the “**Circular**”) of the Company of which this letter forms part. Terms used in this letter shall have the meanings as defined in the Circular unless the context requires otherwise.

We, being the independent non-executive Directors, have been appointed to form the Independent Board Committee to advise you as to whether the terms of the Formal Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the entering into of the Formal Agreement is in the interests of the Company and the Shareholders as a whole.

Guangdong Securities has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Formal Agreement.

We wish to draw your attention to the letter from the Board as set out on pages 4 to 10 of the Circular and the letter from Guangdong Securities as set out on pages 13 to 19 of the Circular which contain, among other things, their advice, recommendations to us regarding the terms of the Formal Agreement and the principal factors and reasons taken into consideration for their advice and recommendations.

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having taken into account the advice and recommendations of Guangdong Securities and the principal factors and reasons taken into consideration by them in arriving at their opinion, we consider that the terms of the Formal Agreement are fair and reasonable as far as the Independent Shareholders are concerned and the entering into of the Formal Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Formal Agreement.

Yours faithfully,

Mr. Chen Jing

Ms. Zhou Liye

Mr. Zeng Xianggao

Mr. Gong Zhiqiang

Independent Board Committee

LETTER FROM GUANGDONG SECURITIES

Set out below is the text of a letter received from Guangdong Securities, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Formal Agreement for the purpose of inclusion in this circular.



Units 2505-06, 25/F.
Low Block of Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

14 June 2013

To: The independent board committee and the independent shareholders of Capinfo Company Limited

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Formal Agreement, the details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 14 June 2013 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 26 March 2013, Guotong Xintai announced the tender for the Construction Project by making the tender offer through Beijing International Tendering (the "**Tender**"). To participate in and bid for the Tender, the Company submitted the bidding application following the tender requirements as set out in the tender notice to Beijing International Tendering on 15 April 2013. Subsequently on 24 April 2013, the Company received notification from Beijing International Tendering that the Company successfully won the Tender at the bid price of RMB33,786,778.33.

The Company entered into the Formal Agreement with Guotong Xintai on 23 May 2013 (after trading hours) in respect of the Construction Project, pursuant to which the Company has conditionally agreed to undertake the Construction Project at the Service Fee of RMB33,786,778.33.

As one of the relevant percentage ratios calculated under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, and Guotong Xintai is a connected person of the Company under Chapter 14A of the Listing Rules, the entering into of the Formal Agreement constitutes a discloseable transaction and a connected transaction for the Company under Chapters 14 and 14A of the Listing Rules, respectively, and are subject to the reporting, announcement and independent shareholders' approval requirements.

An Independent Board Committee comprising Mr. Chen Jing, Ms. Zhou Liye, Mr. Zeng Xianggao and Mr. Gong Zhiqiang (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Formal Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the entering

LETTER FROM GUANGDONG SECURITIES

into of the Formal Agreement is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to approve the Formal Agreement and the transactions contemplated thereunder at the EGM. We, Guangdong Securities Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, that having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Beijing Aiyuhua Hospital, Guotong Xintai, Beijing International Tendering, BSAM or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the entering to the Formal Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of Guangdong Securities is to ensure that such information has been correctly extracted from the relevant sources.

LETTER FROM GUANGDONG SECURITIES

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Formal Agreement, we have taken into consideration the following principal factors and reasons:

(1) Background of the Formal Agreement

Information on the Group

The principal activities of the Group consist of the provision of information technologies and services supply including system integration, software development, IT planning and consultancy, IT operation and maintenance, etc..

Set out below is a summary of the consolidated financial information on the Group for the two years ended 31 December 2012 as extracted from the Company's annual report for the year ended 31 December 2012 (the "Annual Report"):

	For the year ended 31 December 2012	For the year ended 31 December 2011	% change from 2011 to 2012
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)	<i>%</i>
Revenue	526,097	388,536	35.40
– Sales of goods	1,314	5,266	(75.05)
– Income from technology service contracts	524,783	383,270	36.92
Profit attributable to owners of the Company	85,587	77,540	10.38

As depicted by the above table, there was a significant growth in the Group's revenue of approximately 35.4% from 2011 to 2012. The Group's net profit attributable to owners of the Company also increased by approximately 10.4% from 2011 to 2012. According to the Annual Report, leveraging on opportunities arising from the construction of "Digital Beijing" and the leading technical strength and service capabilities of the Group, the Company won the bids for a number of smart city information construction projects in 2012, resulting in further increase of its market share. During the same year under review, breakthroughs were achieved in such key aspects of smart city such as city service and management, medical services and people's livelihood. In the area of smart medical services, the Company introduced "Beijing hospital medical cards" (「京醫通」) service system after forging a cooperation relationship with the Bank of Beijing, providing payment settlement services to non-insured patients in Beijing, the PRC. The Company put great emphasis on the research and development of smart medical services and was responsible for the top-design of electronic medical record and health record systems. The Company also entered into service agreements with many hospitals on the provision of IT value-added service. Through developing smart medical services, the Company successfully established service network for municipal hospitals of Beijing. Going forward, the Company will continue to strengthen its advantages in the smart city businesses and pursue its strategy of industry-specific development in order to enhance the overall profitability of the Company.

LETTER FROM GUANGDONG SECURITIES

Information on Guotong Xintai

As extracted from the Board Letter, Guotong Xintai is a company established in the PRC with limited liability and is principally engaged in investment management. Guotong Xintai is beneficially owned as to 80.80% by BSAM, the controlling shareholder of the Company.

Information on BSAM

With reference to the Board Letter, BSAM is a company established in the PRC and is wholly owned by the Beijing Municipal Government of the PRC. We further noted from the website of BSAM at <http://www.bsam.com.cn/> that BSAM, as the implementer and operator of major projects in Beijing, focuses its business operations in financial services, high-tech and modern manufacturing, culture and creativity, urban functionality area development, environmental protection and new energies. As at the end of 2010, BSAM recorded total assets of approximately RMB46.8 billion and net assets of approximately RMB13.3 billion (*Note: being the latest available data*).

Information on Beijing Aiyuhua Hospital

As extracted from the Board Letter, Beijing Aiyuhua Hospital, which is currently under construction under the investment of Guotong Xintai, is located in 北京經濟技術開發區 (Beijing Economic-Technological Development Area*), Beijing, the PRC. Beijing Aiyuhua Hospital would provide comprehensive medical and health management services, including but not limited to prenatal care, obstetrics, pediatrics; and children health management services upon full operation.

(2) Reasons for and possible benefits of the entering into of the Formal Agreement

As referred to in the Board Letter, the Directors consider that the Construction Project is conducted in the ordinary and usual course of business of the Group and would generate revenue for the Group. In addition, the Directors expect that the Company would further integrate its ability in the construction, operation and maintenance of hospital information technology system and be familiarised with the business and operation of hospital through the Construction Project. Hence, the Construction Project will be a signature project in the area of smart medical services for the Company and lay a solid foundation for the Company to enter into the field of high-end hospital information technology system construction in the future.

As advised by the Directors and as mentioned under the sub-section headed “Information on the Group” of this letter, the Company will continue to strengthen its advantages in the smart city businesses and pursue its strategy of industry-specific development in order to enhance the overall profitability of the Company. The Directors are hence of the view that the entering into of the Formal Agreement is in line with the business strategy of the Group.

Having considered the above reasons for and possible benefits of the entering into of the Formal Agreement, we are of the opinion that the entering into of the Formal Agreement is in the interests of the Company and the Shareholders as a whole.

* For identification purposes only

LETTER FROM GUANGDONG SECURITIES

(3) Principal terms of the Formal Agreement

The Company entered into the Formal Agreement with Guotong Xintai on 23 May 2013 (after trading hours) in respect of the Construction Project, pursuant to which the Company has conditionally agreed to undertake the Construction Project at the Service Fee of RMB33,786,778.33. Set out below are the major terms of the Formal Agreement:

Date

23 May 2013

Parties

The Company and Guotong Xintai

Subject matter

The provision of services related to the Construction Project by the Company. In particular, the construction of the necessary information technology infrastructure and application system before the commencement of the trial operation of Beijing Aiyuhua Hospital, including, among other things, the provision of equipment procurement, software development, system integration and the overall design services and the construction of infrastructure related to the hospital information system, electronic medical records system, machinery room, system and network.

Term

The construction period for the Construction Project is expected to be approximately 14 months.

Service Fee

The Service Fee payable by Guotong Xintai for the Construction Project is RMB33,786,778.33, being the bid price. The Service Fee was determined by the Company with reference to the prevailing market price and the estimated cost to be incurred under the Construction Project. The Service Fee shall be payable by Guotong Xintai in the following manner:

- (i) as to RMB10,136,033.50 payable in cash within five Business Days upon the Formal Agreement becoming effective;
- (ii) as to RMB16,893,389.17 payable in cash within five Business Days upon the Construction Project (after completion) passing the preliminary acceptance check; and
- (iii) as to RMB6,757,355.66 payable in cash within five Business Days upon the Construction Project (after completion) passing the final acceptance check.

LETTER FROM GUANGDONG SECURITIES

The Company shall provide RMB1,689,338.92, being 5% of the Service Fee, to Guotong Xintai as performance security deposit, within 30 days upon signing of the Formal Agreement. Should the Company fail to fulfill its obligations under the Formal Agreement, the performance security deposit shall be used to compensate Guotong Xintai for damages which it may cause. The performance security deposit will be refunded to the Company within 30 days upon completion of the Formal Agreement.

As aforementioned, the Service Fee was determined by the Company with reference to the prevailing market price and the estimated cost to be incurred under the Construction Project. For our due diligence purpose, we have requested for and obtained from the Company (i) a breakdown of the expected total costs to be incurred by the Company for the Construction Project; and (ii) the market rates of similar services provided by the Company to independent third parties. From our discussion with the Directors and the said information provided by the Company, we are of the view that the Service Fee for the Construction Project, which was determined by the Company with reference to the prevailing market price and the estimated cost to be incurred under the Construction Project, is fair and reasonable so far as the Independent Shareholders are concerned.

Moreover, the Directors further advised us that the provision of performance security deposit (i.e. 5% of the Service Fee) is in line with the market practice. For our due diligence purpose, we have (i) obtained and reviewed the agreements entered into between the Company and independent third parties regarding similar services provided by the Company to those independent third parties; and (ii) researched over the internet for information regarding the construction of similar projects, and we noted that the provision of performance security deposit is in line with the market practice. Having considered that (i) the provision of performance security deposit (i.e. 5% of the Service Fee) is in line with the market practice; and (ii) the performance security deposit shall be refunded to the Company within 30 days upon completion of the Formal Agreement, we concur with the Directors that the performance security deposit arrangement is justifiable.

The detailed terms of the Formal Agreement are set out under the section headed “The Formal Agreement” of the Board Letter.

In light of the aforesaid major terms of the Formal Agreement, we consider that the terms of the Formal Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

(4) Possible financial effects of the Formal Agreement

As confirmed by the Directors, it is expected that the Formal Agreement would bring additional revenue of approximately RMB33.8 million (being the Service Fee payable to the Company under the Formal Agreement) to the Group.

It should be noted that the aforementioned analysis is for illustrative purposes only and does not purport to represent how the financial position of the Group will be upon completion of the Formal Agreement.

LETTER FROM GUANGDONG SECURITIES

RECOMMENDATION

Having considered the above factors and reasons, we are of the opinion that (i) the terms of the Formal Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the Formal Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Formal Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Guangdong Securities Limited
Graham Lam
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

Long positions in the underlying shares – options under share option scheme:

Name	Number of H Shares subject to options outstanding as of the Latest Practicable Date	
	Granted under Share Option Scheme	Percentage to the issued H share capital
Dr. Wang Xu	1,466,000	0.19%
Mr. Pan Jiaren	1,466,000	0.19%
Ms. Xu Xiangyan	459,000	0.06%
	<u>3,391,000</u>	<u>0.44%</u>

All of the above-mentioned share options (“Share Options”) granted under the share option scheme of the Company (“Share Option Scheme”) were granted on 17 August 2004 at RMB1 per grant with an exercise price of HK\$0.41 per H Share. These share options are exercisable within a period of ten years from the date of grant and apportioned in accordance with the following schedule subject to restrictions imposed by the relevant PRC laws and regulations:

Proportion of share options granted and held by each of the Directors and the supervisors which become exercisable	Exercise period
25%	18 August 2005 to 17 August 2014
25%	18 August 2006 to 17 August 2014
25%	18 August 2007 to 17 August 2014
25%	18 August 2008 to 17 August 2014

(b) Substantial Shareholders and persons having 5% or more shareholding

Save as disclosed below, the Directors are not aware of any other interests and short positions in shares and underlying shares of the Company of any person (other than a Director or chief executive of the Company) as recorded in the register required to be kept under section 336 of the SFO as at Latest Practicable Date:

Name	Number of shares	Nature of interests	Appropriate percentage of shareholding
Beijing State-owned Assets Management Co., Ltd.	1,834,541,756 domestic shares	Beneficial owner	63.31%

3. SERVICE CONTRACT

The Company has entered into service contracts with each of the members of the 5th Board of Directors. Save as disclosed above, none of the Directors has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. DIRECTORS’ AND SUPERVISORS’ INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, the Supervisors or their respective associates had any interests in any business which competed or might compete with the business of the Group.

5. MATERIAL INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in the assets which had been, since 31 December 2012, being the date to which the latest published audited consolidated accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 December 2012, being the date to which the latest audited consolidated accounts of the Company have been made up), or were proposed to be acquired or disposed of by or leased to any member of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 December 2012, being the date to which the latest audited consolidated accounts of the Company have been made up).

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group (including any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 December 2012, being the date to which the latest audited consolidated accounts of the Company have been made up).

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, being the date to which the latest published consolidated audited financial statements of the Group were made up.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given its advice and recommendation which are included in this circular:

Name	Qualification
Guangdong Securities	a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

Guangdong Securities has given and has not withdrawn its written consent to the issue of this circular with its opinion included in the form and context in which it is included and the references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Guangdong Securities had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did Guangdong Securities have any direct or indirect interest in any assets which had been, since 31 December 2012, being the date to which the latest published audited consolidated accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company in Hong Kong during 9:00 a.m. to 6:00 p.m. on any Business Day, from the date of this circular up to and including the date of the EGM:

- (a) the Formal Agreement;
- (b) the letter from the Independent Board Committee as set out on pages 11 to 12 of this circular;
- (c) the letter from Guangdong Securities as set out on pages 13 to 19 of this circular;
- (d) the consent letter from Guangdong Securities referred to in the paragraph headed “Qualification and consent of expert” in this Appendix;
- (e) the service contracts as disclosed under the section headed “Service contract” in this appendix;
and
- (f) this circular.

NOTICE OF EGM

CAPINFO

CAPINFO COMPANY LIMITED*

首都信息發展股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1075)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Capinfo Company Limited (the “Company”) will be held at Conference Room, 15th Floor, Quantum Silver Plaza, No. 23 Zhichun Road, Haidian District, Beijing, the People's Republic of China (the “PRC”) on Tuesday, 30 July 2013 at 11:00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the conditional agreement dated 23 May 2013 entered into between the Company and 北京國通鑫泰投資管理有限公司 (Beijing Guotong Xintai Investment Management Company Limited*) in relation to the construction of an integrated information system in 北京愛育華婦兒醫院 (Beijing Aiyuhua Hospital for Children and Women*) and the transactions contemplated thereunder.
2. To accept the resignation of Ms. Lu Xiaobing as a non-executive director of the Company, with effect from the date of the extraordinary general meeting, and authorize the board of directors of the Company to terminate the service contract entered into by the Company and Ms. Lu Xiaobing on such terms and conditions as it may think fit and to do all such acts and things to give effect to such matters.
3. To elect Mr. Wang Zhuo as a non-executive director of the Company to replace Ms. Lu Xiaobing for a term commencing on the date of the extraordinary general meeting and ending on the date of the annual general meeting of the Company in 2015, and authorize the board of directors of the Company to determine his director's remuneration and to enter into a service contract with Mr. Wang Zhuo.

By Order of the Board
CAPINFO COMPANY LIMITED*
Xu Zhe
Chairman

Beijing, the PRC, 14 June 2013

* For identification purposes only

NOTICE OF EGM

Notes:

1. The register of members of the Company will be closed from Sunday, 30 June 2013 to Tuesday, 30 July 2013 (both dates inclusive), during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's H share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares of the Company) or the Company's office at 12th Floor, Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC (for holders of domestic shares of the Company) not later than 4:30 p.m. on Friday on 28 June 2013.
2. Any shareholder entitled to attend and vote at the EGM mentioned above is entitled to appoint one or more proxies to attend and vote at the EGM on his/her/its behalf. A proxy need not be a shareholder of the Company.
3. In order to be valid, the proxy form and, if such proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority shall be deposited at the Company's H share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares of the Company) or the Company's office at 12th Floor, Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC (for holders of domestic shares of the Company) not less than 24 hours before the time for holding the EGM or any adjournment thereof.
4. Shareholders and their proxies should produce identity proof when attending the EGM. If a corporate shareholder appoints its legal representative to attend the EGM, such legal representative shall produce proof of identity and a copy of the resolution of the board of directors or other governing body of such shareholder appointing such legal representative to attend the EGM.
5. Shareholders who intend to attend the EGM shall complete and return the reply slip for attending the meeting by hand or by post (for holders of H shares of the Company) to the Company's H share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or (for holders of domestic shares of the Company) to the Company's office at 12th Floor, Quantum Silver Plaza, 23 Zhichun Road, Haidian District, Beijing, the PRC on or before Wednesday, 10 July 2013.
6. The EGM is not expected to last for more than half a day. Shareholders and their proxies shall be responsible for their own traveling and accommodation expenses.
7. As at the date of this notice, the executive director of the Company is Dr. Wang Xu; the non-executive directors of the Company are Mr. Xu Zhe, Ms. Zhang Kaihua, Mr. Lu Lei, Mr. Pan Jiaren, Mr. Shi Hongyin, Ms. Hu Sha and Ms. Lu Xiaobing, and the independent non-executive directors of the Company are Mr. Chen Jing, Ms. Zhou Liye, Mr. Zeng Xianggao and Mr. Gong Zhiqiang.